

[C.A.R. Mortgage Update](#)

This week's *C.A.R. Mortgage Update* contains information about first-time home buyer tax credits, rising mortgage rates, conforming loan limits, second mortgages and home equity lines of credit, and mortgage insurers.

California running out of \$10,000 tax credits

First-time home buyers wanting to take advantage of the state's \$10,000 tax credit may have less time than originally expected. California set aside \$100 million to help home buyers purchase newly built homes, hoping to jump start the residential-construction market. According to state officials, the tactic has worked well and is helping to entice home buyers into the market. However, there only is approximately 20 percent of the program's funding remaining.

The program launched in March, and as of June 3 nearly \$24 million in tax credit certificates already had been issued, according to the state's Franchise Tax Board, leaving nearly \$76 million in credit available. Many applications still are in the pipeline awaiting approval. If all of the submitted applications are approved, only \$17.5 million would remain in the fund.

The California state legislature is considering adding another \$200 million to the program. However, securing approval may be difficult due to the state's estimated \$24 billion budget deficit. A bill to extend the program already has won Assembly approval and now is awaiting activity in the state Senate.

To read the full story, please click here:

http://money.cnn.com/2009/06/12/real_estate/10000_California_tax_credit/index.htm?postversion=2009061215

To view additional articles, please visit the following:

Spike in mortgage rates slows refinancing in Silicon Valley

To read the full story, please click here:

http://www.mercurynews.com/topstories/ci_12573064

Lenders' phones silent as rates rise

To read the full story, please click here:

<http://www.sacbee.com/business/story/1940229.html>

A tale of two markets divided by the conforming-loan limit

To read the full story, please click here:

<http://www.latimes.com/classified/realestate/news/la-fi-lew14-2009jun14,0,4908426.story>

Second mortgages: Lines of danger?

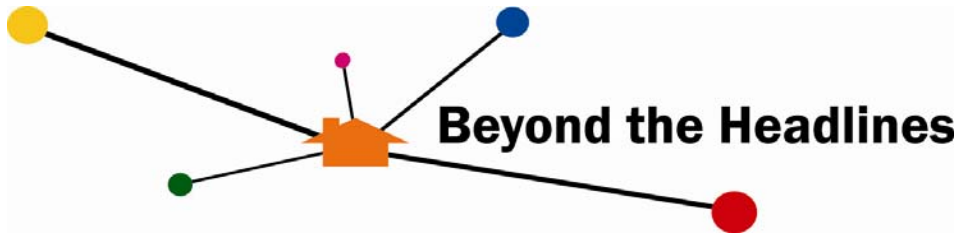
To read the full story, please click here:

<http://www.ocregister.com/articles/foreclosure-little-lacour-2462009-foreclosures-housing>

Mortgage insurers to the rescue?

To read the full story, please click here:

<http://online.wsj.com/article/SB124482038723610165.html#>



The Wall Street Journal

Tips for selling your home to a first-time buyer

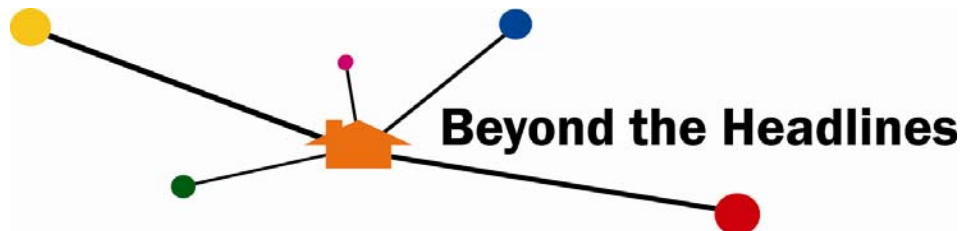
Favorable home prices, low mortgage rates, and tax credits are luring many first-timers into the market. Although favorably priced foreclosures and short sales may be the most appealing option to first-time buyers, traditional sellers also are able to compete and attract these buyers.

KEEP THIS IN MIND

- One advantage traditional sellers have is that lived-in, well-maintained homes are easier for buyers to imagine themselves living in compared with vacant foreclosed homes. Lived-in homes have great appeal to first-timers for practical and financial reasons.
- A survey conducted last year found that 81 percent of first-time buyers said move-in conditions were very important, while only 7 percent reported they were looking to purchase fixer-uppers.
- Lived-in homes offer warmth and emotion, a sentiment that some agents say can go a long way in selling a property. Additionally, these properties likely have well-maintained lawns and landscaping, as opposed to vacant, foreclosed homes, often which have dead or overgrown lawns.
- Extra touches like a fresh coat of paint, decluttering, and the removal of unpleasant odors will help to make a good first impression with buyers.
- Offering to help pay closing costs or buy down a mortgage rate also can help traditional sellers compete in today's market. These may be enticing options to buyers, especially those who plan to live in the home for more than a few years.
- To help buyers more easily transition into homeownership, sellers may want to consider offering a home warranty that covers major systems in case problems arise after the sale closes.
- Most buyers know that home prices have declined in many markets, so they're being more aggressive in their offers. Sellers are advised not to quickly write off low-ball offers. As one agent advises, every offer deserves a counteroffer to get the conversation started.

To read the full story, please click here:

<http://online.wsj.com/article/SB124510978756816993.html>



In Other News...



Press Enterprise

Inland housing defaults, repos drop in May, though experts say conditions still dire

To read the full story, please click here:

http://www.pe.com/business/local/stories/PE_Biz_S_foreclosure11.4559e2d.html



Los Angeles Times

Don't reduce your property insurance coverage to reflect lower home values

To read the full story, please click here:

http://www.latimes.com/classified/realestate/news/la-fi-lew7-2009jun07_0,3514957.story



The Mercury News

Neighbors are forcing neighbors into foreclosure

To read the full story, please click here:

http://www.mercurynews.com/realestatenews/ci_12580945

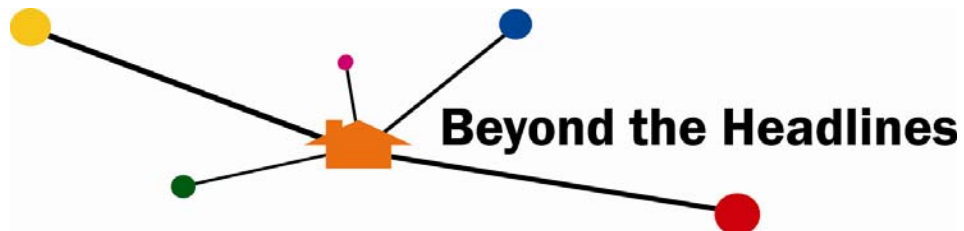


Los Angeles Times

Median home prices drop below 1989 levels in some parts of Southland

To read the full story, please click here:

http://www.latimes.com/business/la-fi-cheaphomes10-2009jun10_0,4802553.story



The Sacramento Bee

Use of short sales on rise in Sacramento housing market

To read the full story, please click here:

<http://www.sacbee.com/business/story/1933643.html>

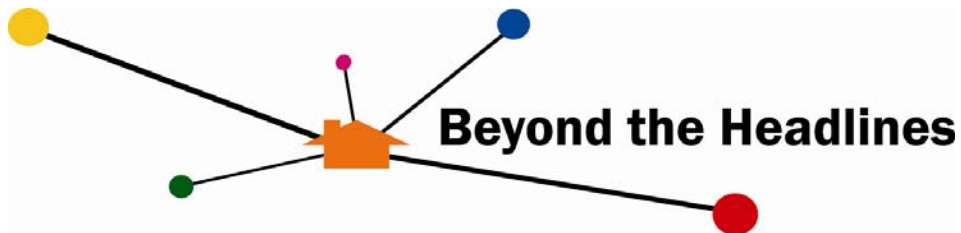


The New York Times

Beware of neighbor's home foreclosure

To read the full story, please click here:

http://www.nytimes.com/2009/06/14/realestate/mortgages/14mort.html?_r=1&ref=realestate



What you should know about the market...

- Parents searching for homes in quality school districts should consider visiting www.schoolmatters.com. This site is a service of Standard & Poor's and allows users to find and compare schools, while also providing statistics that illustrate students' achievement levels in each school. The database on the site also offers information on extracurricular activities and provides ratings and reviews directly from parents.
- A common mistake first-time home buyers make is focusing solely on the monthly mortgage payment and not taking other homeownership costs into consideration. Many renters do not pay for water, and in some cases may not pay for either heat or electricity. To ensure that all costs are taken into consideration and that the home is truly affordable, buyers are advised to ask the seller for recent copies of water, electric, and gas bills.

Correction: Due to an editing error, the June 11 issue of C.A.R.'s "Market Matters" incorrectly stated that consumers wanting to check an appraiser's name and license number should contact the California Dept. of Insurance. The correct agency is the California Office of Real Estate Appraisers. Consumers and/or mortgage brokers and agents can visit http://www.orea.ca.gov/html/lic_appraisers.asp to check an appraiser's license.